COST SHARING

FOR

WATER RESOURCE MANAGEMENT PROJECT

POSITION PAPER #5

REVISED 1980

COST-SHARING ON WATER MANAGEMENT PROJECTS
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Several characteristics of the water resource, its mobility, its uneven distribution, and its critical nature for maintenance of life have resulted in water being retained as a public resource. This public ownership of water has in turn resulted in public involvement, through government, in the management of this resource. One management procedure which as been widely adopted is cost-sharing between government and local authorities in water management projects which result in benefit to the general public.

The Government of the Province of Alberta has recognized the need for an equitable, practical, and easily applied policy on financial assistance for cost-sharing on water resource projects. Accordingly the province adopted a policy on Cost-Sharing for Water Management Projects in 1972 entitled Position Paper #5. Since that time several policy changes have been made to address specific concerns. It is now desired to incorporate these policy changes into an updated version of Position Paper #5 and to make other changes to the policy to meet the growing needs of the province in the area of Water Resources Management.

Statement of Policy

The Government of the Province of Alberta is prepared to cost-share with local authorities on water resource management projects from which direct public benefits accrue. "Local authority" means a city, town, new town, village, municipal district, county, or the Minister of Municipal Affairs in the case of an improvement district or special area, or the Board of Directors of an irrigation district, or the Board of Trustees of a drainage district.

In keeping with the objective of formulating an equitable, practical, and easily applied policy the province will provide a grant equal to 75% of the eligible cost of the project.

Costs which are eligible are engineering costs related to project design and construction and capital costs associated with construction. Acquisition of land and operation and maintenance costs will be the responsibility of the local authority except as otherwise established by specific agreement or specified in this policy paper.

Types of Projects

The following types of projects are eligible for assistance, provided:

1) The project is initiated by a local authority.

2) There is a demonstrated need for the project.

3) The project is in the public interest.

A. Flood Control and Drainage.

B. Flow Regulation.

C. Erosion Control.

D. Water Based Recreation.

E. Fish, Waterfowl and Wildlife Enhancement.

F. Source of Water Supply.

NOTE: For Urban Storm Sewers see special policy #III

For Urban Storm and Sanitary Sewer Outlets see special policy #IV

PROCEDURE FOR ASSISTANCE

The procedure for obtaining assistance under the program is divided into four phases being:

1. Eligibility Phase

   The local authority identifies a particular water resource problem and requests an inspection by the Department of the Environment. The inspection is carried out by the department to determine the nature of the problem and whether or not it is eligible for assistance under the program.

   If it is eligible the results of the inspection are sent to the local authority along with information outlining the department's requirement for a feasibility study of the problem.

2. Feasibility Phase

   The local authority through the use of consultants or their own staff initiates a feasibility study. This study involves an investigation into the alternative solutions to the problem and the preparation of a feasibility report. This report provides a cost estimate and an assessment of the engineering, economic, sociological, and biological aspects of the solution and recommends whether or not it should be implemented.

   During the feasibility study and the preparation of the report the department will provide guidance to the local authority (consultant). This guidance is general in nature as it is not the responsibility of the department to provide engineering input into the study. The local authority (consultant) assumes all responsibility for the technical aspects of the study.

After the report is completed, it is submitted to the department for approval. In submitting the report for approval the local authority officially requests financial assistance from the department for implementation of the project. If approved the project proceeds to the construction phase and a cost-sharing agreement between the local authority and the department is signed.

3. Construction Phase

The local authority (consultant) obtains the required licences or permits and right-of-way or easements for the project. The local authority then proceeds with construction of the project.

Upon completion, an inspection is carried out by the department to ensure that the project is complete and constructed according to the plans.

4. Grant Phase

The local authority submits "As Constructed" plans, and an itemized account of the actual costs. The department then issues the Final Licence or Permit and forwards the grant to the local authority.

The grant is equal to 75% of the construction and engineering costs for the project.

Conditions for Acceptance and Priorities

This financial assistance program does not imply that all projects proposed by local authorities will receive departmental approval for cost-sharing. The condition which will take precedence over all others is the priority for water management established by the provincial government.

Priority of projects will be established by the province based on the availability of funds to undertake water management projects and on the water management objectives set by the government.

This policy is implemented under the authority of The Water Resources Act, and will be administered by the Regional Services Branch, Water Resources Management Division, of the Department of the Environment.

SPECIAL POLICIES

(I) NORTHWEST ALBERTA EROSION CONTROL PROGRAM

This program was established in 1978 in recognition of the unique nature of the area in that it differs from the rest of Alberta in its characteristics and condition related to erosion susceptibility.

The program provides assistance to local authorities (including cities, towns and villages) in the designated area (see figure 1) for the construction of new projects, the rehabilitation of existing projects and operation and maintenance of these projects.

Assistance Provided

- The province will provide all the engineering and technical assistance required by the local authorities in implementing projects qualifying under the program.
- The province will provide a grant to cover 75% of the cost of construction of a project under the program and 75% of the future operation and maintenance costs.

Criteria for Assistance

(1) New Project

In recognition of the erosion susceptibility of the area all projects designed to handle moving water will qualify for assistance under the program with the exception of the provision of storm sewers in urban areas.

(2) Project Rehabilitation - i.e. the rehabilitation of previous cost-shared projects.

a) Improvement Districts - The province will undertake and fund at 100% the rehabilitation of previous cost-shared projects.

b) Counties, Municipal Districts, Cities, Towns, Villages.

Major project rehabilitation will be considered the same as a new project.

Minor project rehabilitation, such as ditch clean out, minor ditch relocation, or replacement of small structures, will be considered the same as maintenance.

(3) Project Maintenance

a) Improvement Districts

(i) New Projects

Once a project is completed a maintenance agreement is signed with the Improvement District to provide for the province to undertake any required maintenance on the project and charge back to the Improvement District 25% of the maintenance costs.

(ii) Rehabilitated Projects

Once a project has been rehabilitated a maintenance agreement will be signed with the Improvement District to provide for maintenance on the same basis as for a new project.

(iii) Existing Projects Not Requiring Rehabilitation

A maintenance agreement is signed with the Improvement District to provide for maintenance on the same basis as for a new project.

b) Organized Local Authorities (OLA) - Counties, Municipal Districts Cities, Towns and Villages

(i) New Projects

Once a project is completed a maintenance agreement is signed with the OLA which provides for the OLA to undertake any required maintenance and the province will reimburse the OLA for 75% of the cost of this maintenance.

(ii) Existing Projects Not Requiring Major Rehabilitation

A maintenance agreement will be signed with the OLA to provide for maintenance on the same basis as a new project.

II MAJOR WATER MANAGEMENT PROJECTS

The department may declare a project "A Major Water Management Project" which is defined as a project which provides wide spread benefits to a large area of the province and can include but is not restricted to the following examples:

a) Large water storage dams or weirs.

b) Major river bank stabilization projects.

c) Major flood control projects.

d) Major multi-purpose use projects which may provide a combination of water supply, flood control, water based recreation or fish and wildlife habitat improvement.

Generally on projects of this nature the province assumes responsibility for all aspects including, engineering, land acquisition, construction, and operation and maintenance, however, the department reserves the right, by agreement to assign certain aspects or a portion of the costs to the benefitting local authorities.

III URBAN STORM SEWERS

The provision of storm sewer facilities in urban communicities is generally considered to be internal servicing and the costs involved are the responsibility of the urban local authority. In recognition of the fact that flooding problems in urban communities can occur as the result of waters originating outside the boundaries of the urban community, the cost of providing the storm sewer facilities to handle waters originating outside the urban boundary will be eligible for assistance under a special policy. This policy does not apply to the development of new areas. Under this policy the urban local authority will be required to:

1) Initiate the project.
2) Provide all engineering services.
3) Obtain all right-of-way required.
4) Assume ownership of and provide all operation and maintenance required.

The Province will provide:

1) A grant upon completion of the project equal to 75% of the eligible engineering and construction costs.

The eligible engineering and construction costs will be determined by either of the following two methods:

a) If there is a defined or controlled flow coming into the urban area through a channel or culvert and this flow can specifically be determined, the following method is used. A system is designed to handle this known flow through the urban area. The cost of this system is the eligible cost. The over size cost to handle internal drainage is not eligible.

b) If the flow originating from outside urban boundaries is not confined to a specific channel the following method will be used which is based on the percentage of runoff.

$$\text{Eligible cost} = \text{Total cost} \times F$$

$$F = \frac{\Sigma\,[(\text{Rural areas}) \times (\text{Rural coefficient})]}{\Sigma\,[(\text{Urban areas}) \times (\text{Urban Coefficient}) + (\text{Rural areas}) \times (\text{Rural Coeff.})]}$$

Σ means the sum of

NOTE: Procedure for obtaining assistance will be the same as for the general policy.

IV URBAN STORM SEWER AND SEWAGE OUTLETS

In order for storm sewer and sewage treatment facilities to function properly their effluent must discharge into an adequate outlet. Sometimes an adequate outlet does not exist within the urban boundaries. Therefore financial assistance will be provided towards the cost of providing an adequate outlet for storm sewer and sewage treatment facilities when work is required outside an urban boundary.

Under this policy the urban local authority will be required to:

1) Initiate the project.
2) Provide all engineering services.
3) Obtain all right-of-way required.
4) Assume ownership and provide all ooeration and maintenance required.

The province will provide:

1) A grant upon completion of the project equal to 75% of the cost of engineering and construction.

NOTE: Procedure for obtaining assistance will be the same as for the general policy.

V DRAINAGE DISTRICTS EXTENTION OF MAIN OUTLET BEYOND DISTRICT BOUNDARIES

In many instances drainage districts must extend drainage works beyond their boundaries to reach an adequate outlet for their main outlet canal. More recently because of increased drainage into a district from road improvement and agricultural land clearing outside its boundaries the point of adequate outlet must be extended beyond its original location when the district was first formed.

Therefore financial assistance will be provided towards the cost of providing an adequate outlet beyond the districts boundaries.

Under this policy the Drainage District will be required to:

1) Initiate the project.

2) Assume ownership of all future operation and maintenance required.

The Province will:

1) Provide all engineering services required for a project.

2) Secure and pay 100% of the cost of any right-of-way required for a project. This right-of-way will be turned over to the Drainage District upon completion of the project.

3) Undertake and pay 100% of the capital construction costs of a project.

TABLE 1

SUMMARY OF COST SHARING ARRANGEMENTS
FOR NEW PROJECTS

Policy	PERCENTAGE CONTRIBUTION BY TYPE OF COST								
	ENGINEERING		LAND ACQUISITION		CAPITAL CONSTRUCTION		OPERATION AND MAINTENANCE		COMMENTS
	Provincial Government	Local Authority	Provincial Government	Local Authority	Provincial Government	Local Authority	Provincial Government	Local Authority	
1. General Policy Water Management Projects	75	25	0	100	75	25	0	100	
2. Special Policy I North West Alberta Erosion Control Projects	100	0	0	100	75	25	75	25	
3. Special Policy II Major Water Management Projects	100	0	100	0	100	0	100	0	The percentage contribution may be varied by agreement between Department and benefitting local authorities
4. Special Policy III Urban Storm Sewers	25	25	0	100	75	25	0	100	
5. Special Policy IV Urban Storm & Sanitary Sewer	75	25	0	100	75	25	0	100	
6. Special Policy V Drainage Districts main outlet beyond boundaries	100	0	100	0	100	0	0	100	